

Legislative Update: June 27, 2012

HB1104, Scholarship Funding Corporate Tax Credit and SB 187, Budget Technical Corrections (Both bills are attached and posted to the website)

In House Appropriations this morning, legislators passed the technical corrections bill. Of particular interest to school districts is the repeal of the new language to Section 7.18. This had changed transfers from the teacher allotment category from the average teacher salary to the first step. The State Board has communicated its position that while efforts are needed to protect the fiscal viability of the allotment category, this was too much change in too little time. We expect that the bill will go to the House floor today. This provision can be found in the attached copy of SB 187, sec. 2.3.

House Bill 1104, Scholarship Funding Corporate Tax Credit, was heard today in House Finance Committee. The bill originally had been referred to the House Education Committee with a requirement for a favorable report before being referred to Finance Committee. This part of the process was bypassed with the bill being re-referred to the Finance Committee. In the Finance Committee, it then morphed into SB 599 as a proposed committee substitute. As a bill that has already passed the Senate, it will return to the Senate for only a vote on whether to concur – it would bypass Senate committees altogether and not be subject to amendment. It also is not subject to the North Carolina Constitution “5-day” voting process.

The proposed committee substitute provides a different version of the tax credit. It is a pilot that expires January 2, 2014. Children eligible are those in households that are not in excess of 225% of the federal poverty level and either must be entering kindergarten or the first grade or attended a North Carolina public school as a full time student in the previous semester. The rest of the bill sets out provisions similar to those in HB 1104.

Rep. Stam explained that the Senate wanted the sunset because they have a tax reform package in mind. He said that he has every intention of this bill being a part of the tax reform next year.

The committee adjourned, noting that there was not enough time for all the questions to be addressed. No time has been set for further discussion and vote by the Finance Committee. Once it leaves this committee, it can move quickly to the House floor and then to the Senate. This process does not allow much time or opportunity for input from educators and concerned citizens. Please contact your legislators – representatives and senators -- to express your point of view.

State Board Chairman Bill Harrison's blog on the bill is available by [clicking here](#).